

**Region XII Council of Governments, Inc.  
and Affiliated Organizations  
Carroll, Iowa**

**Independent Auditor's Reports  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**June 30, 2005 and 2004**

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REGION XII COUNCIL OF GOVERNMENTS, INC.  
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>		<u>Title</u>
<u>Executive Board Members</u>		
Neil Trobak, Carroll, Ia	Carroll Co.	Chairperson
LaVerne Deist, Audubon, Ia	Audubon Co.	Vice Chairperson
Jack Bensley, Odebolt, Ia	Sac Co.	Secretary
Guy Richardson, Jefferson, Ia	Green Co.	Treasurer
Jerry Caraher, Bayard, Ia	Guthrie Co.	Board Member
Robert Lohrmann, Manilla, Ia	Crawford Co.	Board Member
<u>Policy Council Members</u>		
Audubon County:		
Jay Dee Mendenhall, Audubon, Ia		Board Member
Vernon Venteicher, Brayton, Ia		Board Member
Gene Karstens, Audubon, Ia		Board Member
Carroll County:		
Del McDermott, Carroll, Ia		Board Member
Neil Bock, Carroll, Ia		Board Member
Cindy Fay, Carroll, Ia		Board Member
Crawford County:		
Mary Lou Kraus, Westside, Ia		Board Member
Erasmus Lopez, Denison, Ia		Board Member
Loren Schultz, Denison, Ia		Board Member
Greene County:		
Terry Adams, Churdan, Ia		Board Member
Duane Larson, Jamaica, Ia		Board Member
Katie Towers, Carroll, Ia		Board Member
Guthrie County:		
Sue Cosner, Panora, Ia		Board Member
Dennis Kunkle, Guthrie Center, Ia		Board Member
Luann Waldo, Panora, Ia		Board Member
Sac County:		
Frank Koth, Schaller, Ia		Board Member
Joan Godbersen, Odebolt, Ia		Board Member
Karen McCrea, Lake View, Ia		Board Member

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
James Burns	Transit Director
Karen Burchfield	Workforce Development Director
Kathleen Pauli	Fiscal Officer II
Joe Behrens	Local Assistance Director

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County COG representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the COG Executive Board.

# John D. Morrow

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November 28, 2005

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the accompanying combined financial statements, listed as exhibits in the table of contents of this report, of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years then ended June 30, 2005 and 2004. These combined financial statements are the responsibility of the COG's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted the audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., as of and for the years ended June 30, 2005 and 2004, and the results of its operations, changes in net assets, and cash flow in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my reports dated November 28, 2005, on my consideration of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc.'s, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The audit was performed for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information included in Schedules 1 through 22, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analyses and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned combined financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

## COMBINED FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINED STATEMENTS OF FINANCIAL POSITION  
June 30, 2005 and 2004

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 2,345,794	\$ 19,030	\$ 573,855
Receivables:			
Grantor agencies	187,939	0	0
Other sources	249,712	0	25,000
Other funds	191,808	0	0
Prepaid expense	4,866	0	0
Total Current Assets	<u>2,980,119</u>	<u>19,030</u>	<u>598,855</u>
PROPERTY AND EQUIPMENT			
Land & building	1,579,355	0	0
Vehicles	1,605,532	0	0
Office equipment	301,706	0	0
	3,486,593	0	0
Less accumulated depreciation	<u>1,448,000</u>	<u>0</u>	<u>0</u>
	<u>2,038,593</u>	<u>0</u>	<u>0</u>
OTHER ASSETS			
Receivable from future claims or reimbursements	283,397	0	0
Housing program loans	2,435,553	103,302	0
Business enterprise loans	<u>0</u>	<u>0</u>	<u>1,202,938</u>
	<u>\$ 7,737,662</u>	<u>\$ 122,332</u>	<u>\$ 1,801,793</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 127,020	\$ 390	\$ 0
Notes payable	166,300	0	0
Current portion of long-term debt	6,000	0	19,666
Accrued payroll and benefits	94,451	13	2,361
Accrued annual leave payable	74,186	0	0
Due to other funds	177,781	14,027	0
Deferred Revenue	215,894	0	0
Capital match deposits	89,024	0	0
Total current liabilities	<u>950,656</u>	<u>14,430</u>	<u>22,027</u>
LONG TERM LIABILITIES			
Note payable	18,000	0	560,717
NET ASSETS			
Unrestricted Net Assets			
Unreserved net assets	2,186,765	4,600	601,079
Health insurance reserve	108,095	0	0
Reserve for loans	2,435,553	103,302	617,970
Investment in property and equipment	2,038,593	0	0
Temporarily Restricted Net Assets	0	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,769,006</u>	<u>107,902</u>	<u>1,219,049</u>
	<u>\$ 7,737,662</u>	<u>\$ 122,332</u>	<u>\$ 1,801,793</u>

See accompanying Notes to Financial Statements.

Exhibit A

## Total Columns (Memorandum Only)

June 30, 2005      June 30, 2004

\$ 2,938,679      \$ 2,767,748

187,939      236,036

274,712      175,443

191,808      232,135

4,866      4,6083,598,004      3,415,970

1,579,355      1,579,355

1,605,532      1,628,342

301,706      261,385

3,486,593      3,469,082

1,448,000      1,418,5512,038,593      2,050,531

283,397      165,672

2,538,855      2,215,817

1,202,938      1,212,597\$ 9,661,787      \$ 9,060,587

\$ 127,410      \$ 106,947

166,300      104,300

25,666      12,641

96,825      76,976

74,186      70,125

191,808      232,135

215,894      337,763

89,024      91,590

987,113      1,032,477

578,717      604,352

2,792,444      1,863,103

108,095      81,710

3,156,825      3,428,414

2,038,593      2,050,531

0      0

0      08,095,957      \$ 7,423,758\$ 9,661,787      \$ 9,060,587

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINED STATEMENTS OF ACTIVITY  
Year ended June 30, 2005 and 2004

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
Revenues:			
Governmental funding sources:			
Iowa Dept. of Transportation	\$ 753,504	\$ 0	\$ 0
Iowa Dept. of Economic Develop.	59,375	0	0
Iowa Workforce Development	508,160	0	0
U.S. Dept. of Commerce	51,000	0	0
U.S. Dept. of Agriculture	174,241	0	0
Iowa Dept. of Human Services	83,660	0	0
Iowa Dept of Human Rights	27,367	0	0
Iowa Finance Authority	0	0	0
Iowa Dept. of Management	73,250	0	0
Iowa Dept. of Public Health	1,050	0	0
Iowa Dept. of Education	411,232	0	0
SDA 11 - CIETC	0	0	0
Elderbridge Agency on Aging	35,500	0	0
United Way	4,500	0	0
Public support & contributions	2,318,821	14,365	288,942
Matching funds	160,699	2,933	50,000
Interest income	108,484	2,164	72,021
Other revenues	18,187	0	0
Investment in property & equip.	<u>171,230</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>4,960,260</u>	<u>19,462</u>	<u>410,963</u>
Expenses:			
Local Administrative Funds	1,819,180	0	0
Rural Transit System	1,516,867	0	0
Workforce Development	508,160	0	0
Rural Community Dev. Incentive	87,479	0	0
Housing Preservation Grant	69,679	0	0
Economic Development Planning	68,000	0	0
Acquisition/Demolition/New Const.	42,237	0	0
Decategorization programs	7,890	0	0
Juvenile Justice Youth Dev.	27,367	0	0
Lead Base Paint & Lead Poisoning	12,038	0	0
Partnership 4 Families Empowerment	505,073	0	0
Council of Governments-Housing	0	140,168	0
Region XII Development Corp.	0	0	310,537
Depreciation	<u>183,168</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>4,847,138</u>	<u>140,168</u>	<u>310,537</u>
Revenue over (under) expenses	113,122	(120,706)	100,426
Beginning of year	<u>1,994,202</u>	<u>125,306</u>	<u>500,653</u>
Total (Memorandum Only)	\$ <u>2,107,324</u>	\$ <u>4,600</u>	\$ <u>601,079</u>
Recap of Total (Memorandum Only)			
Receivable from future claims	\$ ( 283,397)	\$ 0	\$ 0
Deferred revenue	\$ 215,894	\$ 0	\$ 0
Net Assets	\$ 2,186,765	\$ 4,600	\$ 601,079
Plant Fund	\$ ( 11,938)	\$ 0	\$ 0

See accompanying Notes to Financial Statements.



Exhibit B

## Total Column (Memorandum Only)

June 30, 2005      June 30, 2004

\$ 753,504      \$ 899,765

59,375      184,304

508,160      428,906

51,000      51,000

174,241      239,566

83,660      154,631

27,367      29,193

0      153,074

73,250      0

1,050      12,260

411,232      403,508

0      11,740

35,500      33,220

4,500      4,387

2,622,128      2,712,513

213,632      167,996

182,669      167,991

18,187      27,597

171,230      486,8485,390,685      6,168,499

1,819,180      1,803,661

1,516,867      1,764,844

508,160      440,646

87,479      73,822

69,679      61,532

68,000      68,000

42,237      90,066

7,890      74,380

27,367      29,193

12,038      32,727

505,073      547,776

140,168      25,350

310,537      433,890

183,168      204,3305,297,843      5,650,217

92,842      518,282

2,620,161      1,991,431\$ 2,713,003      \$ 2,509,713

\$ ( 283,397)      \$ ( 165,672)

\$ 215,894      \$ 337,763

\$ 2,792,444      \$ 1,863,103

\$ ( 11,938)      \$ 282,518

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
 Year Ended June 30, 2005 and 2004

	Region XII Council of Governments	<u>Affiliated Organizations</u> Council of Governments Housing	Region XII Development Corporation
Salaries & wages	\$ 725,902	\$ 9,758	\$ 14,145
Employee benefits	215,540	3,161	3,942
Advertising & marketing	7,289	15	250
Accounting & legal	15,384	288	1,499
Insurance	18,945	259	312
Contracted services	560,363	13	17,559
Fees, dues & subscriptions	10,796	133	388
Postage	12,005	491	155
Printing	821	12	194
Rent	42,427	820	988
Telephone	18,601	203	169
Travel	59,651	628	975
Utilities	22,080	172	317
Office expense	32,160	813	1,372
Equipment maintenance	4,354	81	89
Equipment rental	22,297	481	424
Facility maintenance	8,579	134	231
Board expense	4,852	207	1,668
Registration fees	4,132	33	6
Drivers' wages & benefits	720,656	0	0
Vehicle fuel & other costs	231,140	0	0
Vehicle insurance	70,120	0	0
Purchased services	112,180	0	0
Participant loans & grants	1,178,332	119,533	258,320
Training supplies	99	0	1,616
Participant support	169,947	0	0
Plant, property, & equipment purchases	191,913	0	0
Interest	0	0	5,918
Matching funds expended	203,405	2,933	0
Depreciation	<u>183,168</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>4,847,138</u>	\$ <u>140,168</u>	\$ <u>310,537</u>

See accompanying Notes to Financial Statements.

Total Column (Memorandum Only)  
June 30, 2005      June 30, 2004

\$ 749,805	\$ 718,367
222,643	223,628
7,554	5,991
17,171	17,601
19,516	18,717
577,935	652,417
11,317	10,006
12,651	13,664
1,027	1,106
44,235	45,205
18,973	18,320
61,254	63,554
22,569	21,658
34,345	40,530
4,524	2,909
23,202	23,047
8,944	8,685
6,727	5,760
4,171	10,695
720,656	682,525
231,140	194,260
70,120	79,429
112,180	109,896
1,556,185	1,534,519
1,715	314
169,947	163,116
191,913	497,071
5,918	4,297
206,338	278,600
<u>183,168</u>	<u>204,330</u>
\$ <u><u>5,297,843</u></u>	\$ <u><u>5,650,217</u></u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 COMBINED STATEMENTS OF CASH FLOW  
 Year Ended June 30, 2005 and 2004

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Resources Provided (Used) By:		
Cash Flow from Operating Activities:		
Revenue over expenses	\$ 92,842	\$ 518,282
Items not requiring outlays of cash:		
Depreciation	183,168	204,330
Change in Operating Assets & Liabilities:		
Accounts receivable	( 51,172)	( 4,171)
Prepaid expenses	( 258)	100,541
Accounts payable	20,463	( 31,618)
Accrual payroll and benefits	19,849	22,684
Accrual annual leave	<u>4,061</u>	<u>628</u>
	<u>268,953</u>	<u>810,676</u>
Cash Flow From Investing Activities:		
Purchase of property and equipment	( 171,230)	( 486,848)
Self insurance - health insurance reserve	<u>26,384</u>	<u>19,319</u>
	<u>( 144,846)</u>	<u>( 467,529)</u>
Cash Flow From Financing Activities:		
Borrowing - short term notes	145,400	315,300
Borrowing - long term notes	20,332	24,698
Payments - short term notes	( 83,400)	( 474,100)
Payments - long term notes	( 32,942)	( 7,454)
Capital match deposits	<u>( 2,566)</u>	<u>6,345</u>
	<u>46,824</u>	<u>( 135,211)</u>
Net Increase in Cash	170,931	207,936
Cash, Beginning of Year	<u>2,767,748</u>	<u>2,559,812</u>
Cash, End of Year	\$ <u>2,938,679</u>	\$ <u>2,767,748</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

Note 1 Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Region XII Council of Governments, Inc. was created by a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc., is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Investment Act (WIA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The COG shares it's Workforce Director with IWD for IWD Region 8, with the COG serving as the employer and the Workforce Director serving as IWD's Area Manager in addition to managing the COG's workforce staff. The COG is the fiscal agent for IWD in Region 8. The COG provides Promise Jobs case management for the counties of IWD Region 8. The cities of Perry and Redfield, Dallas County, are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates the Western Iowa Transit System. This rural transit system provides transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Western Iowa Transit System operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Western Iowa Transit System is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments (COG) serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments.

Region XII Council of Government assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Affiliated Organizations

Council of Governments Housing, Inc. is a nonprofit corporation organized under Chapter 504A of the Code of Iowa, and the objectives and purpose to be transacted and carried on are to promote the general social welfare of the community. These powers are limited to the definitions and purposes encompassed by Section 501(c)(4), of the Internal Revenue Code.

In addition to the powers provided by Iowa law, this corporation shall be allowed to:

Acquire, construct, provide, and operate rental housing and related facilities suited to the special needs and living requirements of eligible occupants as determined by USDA Rural Development regulations, without regard to race, color, religion, sex, age, handicap, marital and familial status, or national origin; and Administer programs for the purpose of rehabilitation of owner-occupied or rental properties or other properties for the purpose of eliminating safety and health hazards and other activities necessary to improve the condition of the home for habitation; and Acquire, improve, and operate any real or personal property or interest or right herein or appurtenant thereto; to sell, convey, assign, mortgage, lease any real and personal property; and Borrow money and to execute such evidence of indebtedness and such contracts, agreements, and instruments as may be necessary, and to execute and deliver any mortgage, deed of trust, assignment of income, or other security instrument in connection therewith; and Do all things necessary and appropriate for carrying out and exercising the foregoing purposes and powers.

Region XII Development Corporation, Inc., is a nonprofit corporation organized under Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Affiliated Organizations (continued)

The objectives and purpose to be transacted and carried on are:  
To further the economic development of the area community known as Region XII, said Region comprises the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac including the cities, and rural areas of said counties in the state of Iowa; and  
To aid in the development of the communities within the region; and promoting and stimulating business opportunities and development, both new and existing; and  
For charitable, educational and scientific purposes including, for such purposes, the making of distributions to organizations that qualify and exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, or the corresponding provision of any future United States revenue law; and  
For any and all purposes permitted in the Iowa Nonprofit Corporation Act, Chapter 504A of the 1981 Code of Iowa and permitted under Section 501(c)(3) of the Internal Revenue Code.

C. Significant Accounting Policies

Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations, the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund program; however, in the accompanying financial statements, programs that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 1 Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Basis of Presentation - Net assets and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the COG and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for accounts receivable bad debts since all receivables are considered to be collectible.

Receivable from Future Claims or Reimbursements - This receivable represents an excess of expenses over revenue received from the funding source at year end.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had been paid or received as of June 30, 2005 and 2004, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in property, vehicles, and equipment. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 1. Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Annual Leave - Employees of the COG accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities of the administrative fund or the program fund type. This liability has been computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Total Column - The total column on the combined statement of financial position and the combined statement of activity is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Cost Allocation - Region XII Council of Governments, Inc. has adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation.

Budgetary Accounting - The COG is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations are exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 2 Support From Governmental Units

The COG receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

Note 3 Leases

Region XII Council of Governments, Inc. sub-leases office facilities from the Iowa Workforce Development under a lease agreement which began December 31, 2002, and expires December 31, 2006.

The COG is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Total net rent expense for office facilities and garage space for the years ended June 30, 2005 and 2004 was \$ 5,915 and \$5,928 respectively.

Note 4 Pension and Retirement Benefits

The Region XII Council of Governments, Inc. contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117

Plan members are required to contribute 3.70% of their annual covered salary and the Region XII Council of Governments is required to contribute 5.75% of annual covered payroll except for law enforcement employees and police employees, in which case the percentages are higher. Contribution requirements are established by State statute. Region XII Council of Government's contribution to IPERS for the years ended June 30, 2005 and 2004 was \$72,439 and \$68,868 respectively, equal to the employer required contributions for each year. The total contribution to IPERS for the years ended June 30, 2005 and 2004 were \$119,052 and \$113,184 respectively.

Note 5 Contingent Liability - Medical Leave

The COG's full time and part time II employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses by the COG until used. The COG's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2005 and 2004 was \$146,000 and \$137,000 respectively. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to covert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 6 Organization Risk Management

Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The COG assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past year.

Note 7 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2005

<u>Property &amp; Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,579,355	\$ 1,628,342	\$ 261,385	\$ 3,469,082
Additions	0	122,484	48,747	171,231
Disposals	<u>0</u>	<u>( 145,294)</u>	<u>( 8,426)</u>	<u>( 153,720)</u>
End of year	\$ <u>1,579,355</u>	\$ <u>1,605,532</u>	\$ <u>301,706</u>	\$ <u>3,486,593</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 143,104	\$ 1,150,530	\$ 124,917	\$ 1,418,551
Current deprec.	24,561	132,721	25,886	183,168
Disposal of assets	<u>0</u>	<u>( 145,293)</u>	<u>( 8,426)</u>	<u>( 153,719)</u>
End of year	\$ <u>167,665</u>	\$ <u>1,137,958</u>	\$ <u>142,377</u>	\$ <u>1,448,000</u>

FISCAL YEAR END June 30, 2004

<u>Property &amp; Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,291,900	\$ 1,569,141	\$ 269,976	\$ 3,131,017
Additions	287,455	176,614	22,778	486,847
Disposals	<u>0</u>	<u>( 117,413)</u>	<u>( 31,369)</u>	<u>( 148,782)</u>
End of year	\$ <u>1,579,355</u>	\$ <u>1,628,342</u>	\$ <u>261,385</u>	\$ <u>3,469,082</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 119,816	\$ 1,115,657	\$ 127,531	\$ 1,363,004
Current deprec.	23,288	152,286	28,756	204,330
Disposal of assets	<u>0</u>	<u>( 117,413)</u>	<u>( 31,370)</u>	<u>( 148,783)</u>
End of year	\$ <u>143,104</u>	\$ <u>1,150,530</u>	\$ <u>124,917</u>	\$ <u>1,418,551</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 8 Housing and Business Enterprise Loans Receivable

The COG accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments administers Community Development Block Grants Revolving Loans (CDBG Loans) for various cities within Region XII. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Region XII Council of Governments administered the Department of Agriculture-Housing Preservation Grant (HPG Loans). The grant proceeds are used to maintain a low-interest revolving loan fund for low-income residents. Loans of up to \$5,000 per family, at varying interest rates, are used to make health and safety improvements to homes.

Region XII Council of Governments administers the Iowa Department of Economic Development Local Housing Assistance Program (LHAP Loans). LHAP funds are awarded for the purpose of providing a regional revolving loan fund to provide low-interest construction financing for new single-family housing.

Region XII Council of Governments administers the Iowa Finance Authority "Helping Iowa's Rural Economy" grant (HIRE Loans). The funds are for home ownership initiative down payment loans to provide financial assistance for the creation of affordable housing and economic development throughout the State of Iowa.

Region XII Council of Governments received a loan from the US Department of Agriculture Intermediary Relending Program (IRP Loans). The loan proceeds plus local match are to be used for business enterprise loans.

Region XII Development Corporation received a Department of Commerce - Title IX Long-Term Economic Deterioration Revolving Loan Program (EDA Loans). The grant proceeds are used for business enterprise loans.

Region XII Development Corporation received a Rural Business Enterprise Grant (RBEG Loans) for loan assistance to rural business enterprises.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 8 Housing and Business Enterprise Loans Receivable (continued)

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

<u>FISCAL YEAR June 30, 2005</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest &amp; New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG Loans	\$ 1,179,462	\$ 178,703	\$ 0	\$ 292,451	\$ 1,293,210
HPG Loans	561,415	153,832	0	294,177	701,760
LHAP Loans	121,492	47,776	0	153	73,869
HIRE Loans	353,448	55,643	0	68,909	366,714
	<u>2,215,817</u>	<u>435,954</u>	<u>0</u>	<u>655,690</u>	<u>1,435,553</u>
<u>Council of Governments Housing, Inc.</u>					
COG Loans	\$ 0	\$ 9,306	\$ 0	\$ 112,608	\$ 103,302
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	602,429	66,457	0	60,744	596,716
EDA Loans	437,753	146,584	0	205,496	496,665
RBEG Loans	172,415	72,303	0	9,445	109,557
	<u>1,212,597</u>	<u>285,344</u>	<u>0</u>	<u>275,685</u>	<u>1,202,938</u>
Total	\$ <u>3,428,414</u>	\$ <u>730,604</u>	\$ <u>0</u>	\$ <u>1,043,983</u>	\$ <u>3,741,793</u>

<u>FISCAL YEAR June 30, 2004</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG Loans	\$ 1,079,919	\$ 250,840	\$ 6,602	\$ 356,985	\$ 1,179,462
HPG Loans	337,893	85,831	0	309,353	561,415
LHAP Loans	130,157	8,665	0	0	121,492
HIRE Loans	341,883	37,989	0	49,554	353,448
	<u>1,889,852</u>	<u>383,325</u>	<u>6,602</u>	<u>715,892</u>	<u>2,215,817</u>
<u>Region XII Development Corporation</u>					
IRP Loans	450,803	46,459	41,915	240,000	602,429
EDA Loans	458,391	120,138	0	99,500	437,753
RBEG Loans	116,587	24,172	0	80,000	172,415
	<u>1,025,781</u>	<u>190,769</u>	<u>41,915</u>	<u>419,500</u>	<u>1,212,597</u>
Total	\$ <u>2,915,633</u>	\$ <u>574,094</u>	\$ <u>48,517</u>	\$ <u>1,135,392</u>	\$ <u>3,428,414</u>

Note 9 Total Deposit Accounts Exceeding Insured Depository Limits

Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations maintain their checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa.

As of the fiscal year end, the following financial institutions held public funds totaling:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Iowa Savings Bank	\$ 3,015,653	\$ 2,758,778
Templeton Savings Bank	115,815	113,246

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2005 and 2004

Note 10 Long Term Notes Payable

The long term notes payable and classification are as follows:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated December 15, 2000, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning December 15, 2004. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding.	\$ 580,383	\$ 584,967
Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation.	0	7,390
Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation. The capital loan, dated October 8, 2003, is for the sum of \$30,000, no interest, payable in equal installments of \$6,000 for a term of 5 years beginning December 31, 2004.	<u>24,000</u>	<u>24,636</u>
Total Notes Payable	604,383	616,993
Current Portion of Long Term Debt	<u>25,666</u>	<u>12,641</u>
Long Term Portion	\$ <u><u>578,717</u></u>	\$ <u><u>604,352</u></u>

Maturities of notes payable over the next five years are as follows:

June 30, 2005	\$ -	\$ 12,641
June 30, 2006	25,666	25,666
June 30, 2007	25,863	25,863
June 30, 2008	26,061	26,062
June 30, 2009	26,262	26,262
June 30, 2010	20,465	-
Thereafter	<u>480,066</u>	<u>500,499</u>
Total	\$ <u><u>604,383</u></u>	\$ <u><u>616,993</u></u>

## SUPPLEMENTAL INFORMATION

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINING STATEMENTS OF FINANCIAL POSITION-PROGRAM FUNDS  
June 30, 2005

ASSETS	Rural Transit System Funds	Workforce Development	Other Planning & Administrative Programs	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 338,012	\$ 6,588	\$ 2,001,194	\$ 2,345,794
Receivables:				
Grantor agencies	38,690	40,173	109,076	187,939
Other sources	73,398	0	176,314	249,712
Other funds	0	0	191,808	191,808
Prepaid expenses	<u>0</u>	<u>0</u>	<u>4,866</u>	<u>4,866</u>
Total current Assets	450,100	46,761	2,483,258	2,980,119
<b>PROPERTY AND EQUIPMENT</b>				
Land & building	1,070,258	0	509,097	1,579,355
Vehicles	1,532,751	0	72,781	1,605,532
Office equipment	<u>0</u>	<u>0</u>	<u>301,706</u>	<u>301,706</u>
	2,603,009	0	883,584	3,486,593
Less accumulated depreciation	<u>1,202,719</u>	<u>0</u>	<u>245,281</u>	<u>1,448,000</u>
	1,400,290	0	638,303	2,038,593
<b>OTHER ASSETS</b>				
Receivable from future claims or reimbursements	0	0	283,397	283,397
Housing Program loans	<u>0</u>	<u>0</u>	<u>2,435,553</u>	<u>2,435,553</u>
Total Assets	\$ <u>1,850,390</u>	\$ <u>46,761</u>	\$ <u>5,840,511</u>	\$ <u>7,737,662</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 24,645	\$ 15,090	\$ 87,285	\$ 127,020
Note payable	0	0	166,300	166,300
Current portion of long term debt	6,000	0	0	6,000
Accrued payroll and benefits	47,043	16,415	30,993	94,451
Accrued annual leave	0	13,544	60,642	74,186
Due to other funds	0	1,712	176,069	177,781
Deferred revenue	0	0	215,894	215,894
Capital match deposits	<u>89,024</u>	<u>0</u>	<u>0</u>	<u>89,024</u>
Total current liabilities	166,712	46,761	737,183	950,656
<b>LONG TERM LIABILITIES</b>				
Note payable	18,000	0	0	18,000
<b>NET ASSETS</b>				
Unreserved Net Assets				
Unreserved net assets	265,388	0	1,921,377	2,186,765
Health insurance reserves	0	0	108,095	108,095
Reserve for loans	0	0	2,435,553	2,435,553
Investment in property & Equip.	1,400,290	0	638,303	2,038,593
Temporarily Restricted Net Assets	0	0	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	1,665,678	0	5,103,328	6,769,006
Total Liabilities and Net Assets	\$ <u>1,850,390</u>	\$ <u>46,761</u>	\$ <u>5,840,511</u>	\$ <u>7,737,662</u>

See accompanying Independent Auditor's Report.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 LOCAL FUNDS  
 Year Ended June 30, 2005

	<u>Local Funds</u>	<u>Loan Repayment Funds</u>	<u>Acquisition/ Demolition Repayment</u>
Revenues:			
Program Funds	\$ 207,908	\$ 0	\$ 0
Loan Repayments	0	452,154	3,360
Interest	43,483	54,486	0
Donations	10,100	0	0
Other Revenues	<u>4,546</u>	<u>0</u>	<u>0</u>
Total revenues	<u>266,037</u>	<u>506,640</u>	<u>3,360</u>
Expenses:			
Salary & wages	0	29,213	4
Employee benefits	210	9,385	2
Advertising & marketing	0	62	0
Accounting & legal	202	3,574	0
Insurance	0	707	0
Contract Services	0	63	0
Fees, dues & subscriptions	0	211	0
Postage	0	1,083	0
Printing	0	31	0
Rent	0	2,245	1
Telephone	0	447	0
Travel	111	1,826	0
Utilities	0	609	0
Office expense	457	4,785	1
Equipment maintenance	0	259	0
Equipment rental	0	923	0
Facility maintenance	0	492	0
Board expenses	0	108	0
Registration fees	0	68	0
Vehicle expense	12,136	0	0
Participant loans & grants	0	320,984	0
Vehicle and equipment purchases	29,803	0	0
Interest	0	0	0
Matching funds expended	<u>39,923</u>	<u>118,389</u>	<u>0</u>
Total expenses	<u>82,842</u>	<u>495,464</u>	<u>8</u>
Revenue over (under) expenses	183,195	11,176	3,352
Beginning of year	<u>404,167</u>	<u>1,322,839</u>	<u>15,496</u>
End of Year-Deferred Revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>18,847</u>
End of Year-Net asset	\$ <u>587,362</u>	\$ <u>1,334,015</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
ADMINISTRATIVE FUNDS  
Year Ended June 30, 2005

	Community Administered <u>Support Programs</u>	Council of Government Assistance <u>2005-COG-01</u>	Housing Fund <u>Programs</u>
Revenues:			
Governmental Funding Source:			
State funds	\$ 0	\$ 9,375	\$ 0
Program funds	161,043	0	644,374
Matching funds	2,975	0	110,603
Interest	<u>392</u>	<u>0</u>	<u>0</u>
Total revenues	<u>164,410</u>	<u>9,375</u>	<u>754,977</u>
Expenses:			
Salary & wages	81,143	977	65,666
Employee benefits	24,400	345	21,582
Advertising & marketing	188	0	96
Accounting & legal	154	1,775	1,515
Insurance	2,050	5	1,669
Contracted services	15,084	0	4,988
Fees, dues & subscriptions	682	3	569
Postage	888	3	2,964
Printing	86	8	64
Rent	6,529	17	5,295
Telephone	1,055	17	1,421
Travel	4,895	287	4,508
Utilities	1,548	11	1,333
Office expense	3,347	28	3,931
Equipment maintenance	636	1	580
Equipment rental	2,592	6	1,913
Facility maintenance	1,448	28	1,073
Board expense	300	9	235
Registration fees	120	1	656
Participant loans & grants	0	0	762,088
Participant support	0	0	0
Plant, property, and equipment	0	0	0
Matching funds expended	<u>25,175</u>	<u>5,854</u>	<u>14,064</u>
Total expenses	<u>172,320</u>	<u>9,375</u>	<u>896,210</u>
Revenue over (under) expenses	( 7,910)	0	(141,233)
Beginning of year	<u>36,957</u>	<u>0</u>	<u>(142,164)</u>
End of Year-Receivable from future claims	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(283,397)</u>
End of Year - Deferred revenue	\$ <u>29,047</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

## Schedule 3

Iowa Waste Exchange <u>IWE05B</u>	Valley Business Park Planning <u>Project</u>	Regional Planning FTA Non-Urb <u>#07040</u>	Regional Planning REG. STP <u>#07040</u>
\$ 50,000	\$ 73,250	\$ 13,964	\$ 66,000
1,673	0	3,491	16,952
0	0	0	0
0	0	0	0
<u>51,673</u>	<u>73,250</u>	<u>17,455</u>	<u>82,952</u>
30,198	0	10,789	38,609
10,309	0	3,136	10,889
46	0	7	23
157	0	45	292
808	0	262	956
80	10,881	7	63
457	0	67	189
314	0	94	381
32	0	6	35
2,567	0	826	3,015
345	0	126	489
2,335	0	747	2,758
698	0	215	811
1,262	0	434	1,707
202	0	61	259
1,354	0	328	1,525
388	0	214	682
115	0	33	147
6	0	58	122
0	0	0	0
0	0	0	20,000
0	0	0	0
<u>51,673</u>	<u>10,881</u>	<u>17,455</u>	<u>82,952</u>
0	62,369	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ <u>0</u>	\$ <u>62,369</u>	\$ <u>0</u>	\$ <u>0</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 TRANSIT PROGRAMS  
 Year Ended June 30, 2005

	Rural Transit <u>Operating</u>	Section III <u>Capital</u>	Section 18 <u>Capital</u>	<u>Total</u>
Revenue:				
Governmental Funding Source:				
Federal-Dept. of Transportation	\$ 228,894	\$ 54,369	\$ 42,084	\$ 325,347
Iowa Dept. of Transportation	348,193	0	0	348,193
Elderbridge Agency	35,500	0	0	35,500
United way	4,500	0	0	4,500
Public support & contribution	805,950	0	0	805,950
Capital match funds	0	13,326	8,620	21,946
Interest income	7,203	0	0	7,203
Fuel tax refund	7,106	0	0	7,106
Other local	<u>13,641</u>	<u>0</u>	<u>0</u>	<u>13,641</u>
Total Revenues	<u>1,450,987</u>	<u>67,695</u>	<u>50,704</u>	<u>1,569,386</u>
Expenses:				
Salaries & wages	129,800	0	0	129,800
Employee benefits	37,912	0	0	37,912
Advertising & marketing	5,906	0	0	5,906
Accounting & legal	4,329	0	0	4,329
Insurance	2,615	0	0	2,615
Contracted services	17,216	0	0	17,216
Fees, dues & subscriptions	4,413	0	0	4,413
Postage	1,748	0	0	1,748
Printing	120	0	0	120
Rent	1,634	0	0	1,634
Telephone	10,098	0	0	10,098
Travel	14,057	0	0	14,057
Utilities	13,462	0	0	13,462
Office expense	5,679	0	0	5,679
Equipment maintenance	629	0	0	629
Equipment rental	2,568	0	0	2,568
Facility maintenance	1,718	0	0	1,718
Board expense	382	0	0	382
Registration fees	1,001	0	0	1,001
Drivers' wages & benefits	720,656	0	0	720,656
Vehicle fuel & other costs	219,004	0	0	219,004
Vehicle insurance	70,120	0	0	70,120
Purchased services	112,180	0	0	112,180
Property and equip. purchases	<u>21,221</u>	<u>67,695</u>	<u>50,704</u>	<u>139,620</u>
Total Expenses	<u>1,398,468</u>	<u>67,695</u>	<u>50,704</u>	<u>1,516,867</u>
Revenue over (under) expenses	52,519	0	0	52,519
Beginning of year-net assets	<u>212,869</u>	<u>0</u>	<u>0</u>	<u>212,869</u>
End of Year-Net assets	\$ <u>265,388</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>265,388</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
WORKFORCE DEVELOPMENT PROGRAMS  
AGREEMENT NUMBER 1-W-08-FR-0  
Year Ended June 30, 2005

	WORKFORCE INVESTMENT ACT - TITLE I				
	<u>Admin.</u>	<u>Adult</u>	<u>Youth In School</u>	<u>Youth-Out Of School</u>	<u>Dislocated Worker</u>
Revenues:					
Governmental Funding Sources:					
Iowa Workforce Development	\$ <u>31,508</u>	\$ <u>63,919</u>	\$ <u>41,476</u>	\$ <u>29,846</u>	\$ <u>116,612</u>
Expenses:					
Salaries & wages	18,193	16,098	20,142	16,967	31,217
Employee benefits	4,284	5,003	5,717	5,382	9,502
Advertising & marketing	84	10	0	0	0
Accounting & legal	621	0	0	0	0
Insurance	427	582	531	491	1,116
Contracted services	8	0	1	1	4
Fees, dues & subscriptions	446	6	9	9	19
Postage	151	83	145	144	208
Printing	48	3	5	5	1
Rent	909	796	799	778	1,455
Telephone	290	208	217	212	404
Travel	2,525	1,519	1,593	1,521	2,442
Utilities	86	30	34	32	63
Office expense	1,004	394	433	418	713
Equipment maintenance	97	30	51	50	115
Equipment rental	345	674	790	751	800
Facility maintenance	61	19	24	25	30
Board expense	1,790	0	0	0	0
Registration fees	139	93	181	176	399
Training supplies	0	2	4	3	7
Participant support	<u>0</u>	<u>38,369</u>	<u>10,800</u>	<u>2,881</u>	<u>68,117</u>
Total expenses	<u>31,508</u>	<u>63,919</u>	<u>41,476</u>	<u>29,846</u>	<u>116,612</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

IOWA WORKFORCE DEVELOPMENT / STAFFING FISCAL AGENT					PROMISE JOBS STAFF	
General Admin	Promise Jobs	Re-employment Services	Surtax	Navigator	Basic Funds	Life Skills
\$ <u>2,615</u>	\$ <u>18,695</u>	\$ <u>943</u>	\$ <u>72,533</u>	\$ <u>2,854</u>	\$ <u>112,749</u>	\$ <u>14,410</u>
1,650	5,839	0	22,522	0	68,035	8,941
450	1,612	0	6,020	0	22,522	3,283
8	23	0	99	0	511	34
7	36	0	204	0	354	47
43	139	0	532	0	1,591	222
1	3	0	11	0	34	5
7	52	0	532	0	1,747	116
11	26	0	205	0	1,599	43
2	13	0	42	0	151	20
93	302	0	1,139	0	3,394	476
17	54	0	219	0	1,095	91
192	532	0	3,063	0	5,790	283
9	33	0	112	0	336	50
58	167	0	618	0	2,049	424
7	22	0	102	0	325	31
18	94	0	355	0	1,896	119
4	26	0	81	0	288	39
13	57	0	199	0	573	81
25	19	0	141	0	421	60
0	0	0	0	0	38	45
0	9,646	943	36,337	2,854	0	0
<u>2,615</u>	<u>18,695</u>	<u>943</u>	<u>72,533</u>	<u>2,854</u>	<u>112,749</u>	<u>14,410</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 RURAL COMMUNITY DEVELOPMENT INCENTIVE  
 Inter-regional Circuit Riders  
 Year Ended June 30, 2005

	USDA-RD <u>RCDI</u>
Revenues:	
Governmental Funding Sources:	
USDA-Rural Development	\$ <u>89,703</u>
Expenses:	
Salaries wages	32,224
Employee benefits	9,739
Advertising & marketing	21
Accounting & legal	215
Insurance	834
Contracted Services	35,072
Fees, dues & subscriptions	215
Postage	304
Printing	27
Rent	2,640
Telephone	402
Travel	1,572
Utilities	716
Office expense	1,191
Equipment maintenance	235
Equipment rental	1,533
Facility maintenance	417
Board expense	112
Registration fees	<u>10</u>
Total expenses	<u>87,479</u>
Revenue over expenses	2,224
Beginning of year	( <u>2,224</u> )
Net	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 HOUSING PRESERVATION PROGRAM  
 BORROWER ID # 160140421017843  
 Year Ended June 30, 2005

	Program Period 8/16/03- 8/16/04	Program Period 9/01/04- 8/30/05
Revenues:		
Governmental Funding Source:		
USDA-Rural Development	\$ 28,288	\$ 54,500
Matching funds	<u>0</u>	<u>8,175</u>
Total Revenues	<u>28,288</u>	<u>62,675</u>
Expenses:		
Salaries & wages	11	9,082
Employee benefits	1	3,724
Advertising & marketing	0	42
Accounting & legal	0	183
Insurance	0	245
Contract services	0	25
Fees, dues & subscriptions	0	56
Postage	0	366
Printing	0	11
Rent	0	775
Telephone	0	157
Travel	0	706
Utilities	0	232
Office expense	0	388
Equipment maintenance	0	100
Equipment rental	0	394
Facility maintenance	0	121
Board expense	0	36
Registration fees	0	1
Participant loans & grants	<u>6,992</u>	<u>46,031</u>
Total expenses	<u>7,004</u>	<u>62,675</u>
Revenue (under) expenses	21,284	0
Beginning of year	(21,284)	<u>0</u>
Net	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 ECONOMIC DEVELOPMENT PLANNING GRANT  
 AWARD NO. 05-83-04036  
 Year Ended June 30, 2005

## Revenues:

## Governmental Funding Sources:

Department of Commerce	\$ 51,000
Matching funds	<u>17,000</u>
Total revenues	<u>68,000</u>

## Expenses:

Salaries & wages	42,521
Employee benefits	11,182
Advertising & marketing	67
Accounting & legal	196
Insurance	1,119

Contract services	33
Fees, dues & subscriptions	473
Postage	375
Printing	62
Rent	3,565

Telephone	671
Travel	2,911
Utilities	807
Office expense	910
Equipment maintenance	292
Equipment rental	1,877

Facility maintenance	624
Board expense	165
Registration fees	<u>150</u>
Total expenses	<u>68,000</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
ACQUISITION/DEMOLITION/NEW CONSTRUCTION PROGRAMS  
Year Ended June 30, 2005

Schedule 9

Revenues:	LHAP Award <u>01-LHAP-025</u>
Governmental Funding Sources:	
Department of Economic Development	\$ <u>      0</u>
Expenses:	
Participant grants	<u>42,237</u>
Total expenses	<u>42,237</u>
Revenue over (under) expenses	(42,237)
Beginning of year	<u>42,237</u>
Net	\$ <u><u>      0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
DECATEGORIZATION PROGRAMS  
Year Ended June 30, 2005

Schedule 10

Parenting &  
Flexible  
Family  
DCAT-05-049

Programs

Revenues:

Governmental Funding Source:

Iowa Dept. of Human Services

\$ 7,890

Expenses:

Salary & wages	3,485
Employee benefits	520
Advertising & marketing	1
Accounting & legal	67
Insurance	60
Contracted services	2,900
Fees, dues & subscriptions	10
Postage	36
Printing	2
Rent	189
Telephone	37
Travel	140
Utilities	59
Office expense	100
Equipment maintenance	10
Equipment rental	207
Facility maintenance	61
Board expense	6
Registration fees	<u>0</u>
Total expenses	<u>7,890</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
JUVENILE JUSTICE YOUTH DEVELOPMENT PROGRAM  
Year Ended June 30, 2005

Schedule 11

	Contract # <u>04-JD02-F03</u>	Contract # <u>04-JD03-F504</u>
Revenues:		
Governmental Funding Sources:		
Division of Criminal and Juvenile		
Justice Planning	\$ <u>13,301</u>	\$ <u>14,066</u>
Expenses:		
Contracted services	<u>13,301</u>	<u>14,066</u>
Total expenses	<u>13,301</u>	<u>14,066</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 USDA RURAL DEVELOPMENT LEAD-BASED PAINT INSPECTION  
 CHILDHOOD LEAD POISONING PREVENTION PROGRAMS  
 Year Ended June 30, 2005

	Lead-Based Paint Inspection	Lead-Based Paint Inspection Order # 60-61KZ
Revenues:		
Governmental Funding Sources:		
USDA Rural Development	\$ 0	\$ 1,750
Iowa Department of Public Health	1,050	0
Local funds	<u>4,660</u>	<u>0</u>
Total revenues	<u>5,710</u>	<u>1,750</u>
Expenses:		
Salaries & wages	5,267	1,252
Employee benefits	2,101	498
Advertising & marketing	17	0
Accounting & legal	62	0
Insurance	179	0
Fees, dues & subscriptions	160	0
Postage	342	0
Printing	5	0
Rent	570	0
Telephone	140	0
Travel	535	0
Utilities	136	0
Office expense	325	0
Equipment maintenance	71	0
Equipment rental	233	0
Facility maintenance	118	0
Board expense	25	0
Registration fees	<u>2</u>	<u>0</u>
Total expenses	<u>10,288</u>	<u>1,750</u>
Revenue over (under) expenses	( 4,578)	0
Beginning of Year	<u>65,109</u>	<u>0</u>
End of Year - Deferred revenue	\$ <u>60,531</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 PARTNERSHIP 4 FAMILIES EMPOWERMENT AREA  
 Year Ended June 30, 2005

	<u>School Ready</u>	<u>Early Childhood</u>
Revenues:		
Governmental Funding Sources:		
Iowa Department of Human Services	\$ 0	\$ 75,770
Iowa Department of Education	411,232	0
Donations	50	0
Interest earned	<u>2,787</u>	<u>133</u>
Total revenues	<u>414,069</u>	<u>75,903</u>
Expenses:		
Salaries & wages	33,621	2,436
Employee benefits	5,452	378
Advertising & marketing	41	3
Accounting & legal	1,143	206
Insurance	1,720	42
Contracted services	374,131	72,385
Fees, dues & subscriptions	341	7
Postage	472	20
Printing	41	1
Rent	2,285	133
Telephone	371	18
Travel	2,641	162
Utilities	606	52
Office expense	1,254	83
Equipment maintenance	175	14
Equipment rental	939	63
Facility maintenance	544	54
Board expense	366	100
Registration fees	270	13
Plant, property & equipment	<u>2,490</u>	<u>0</u>
Total expenses	<u>428,903</u>	<u>76,170</u>
Revenue over (under) expenses	( 14,834)	( 267)
Beginning of Year	<u>59,782</u>	<u>419</u>
End of Year - Deferred revenue	\$ <u><u>44,948</u></u>	\$ <u><u>152</u></u>

See accompanying Independent Auditor's Report.

COUNCIL OF GOVERNMENTS HOUSING, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 Year Ended June 30, 2005

	Revolving Loan <u>Fund</u>	Housing Trust Fund	Administrative <u>Funds</u>
Revenues:			
Governmental Funding Source:			
State funds	\$ 0	\$ 0	\$ 0
Loan repayment	9,306	0	5,059
Interest Income	1,157	0	1,007
Matching funds	<u>0</u>	<u>2,933</u>	<u>0</u>
Total revenues	<u>10,463</u>	<u>2,933</u>	<u>6,066</u>
Expenses:			
Salaries & wages	813	8,523	422
Employee benefits	301	2,701	159
Advertising & marketing	2	12	1
Accounting & legal	73	209	6
Insurance	20	228	11
Contracted services	2	10	1
Fees, dues, & subscriptions	4	125	4
Postage	33	439	19
Printing	1	11	0
Rent	65	719	36
Telephone	13	183	7
Travel	45	561	22
Utilities	18	146	8
Office expense	134	528	151
Equipment maintenance	12	65	4
Equipment rental	34	433	14
Facility maintenance	21	106	7
Board expense	14	191	2
Registration fee	0	33	0
Participant loans & grants	14,059	105,474	0
Match funds expended	<u>2,933</u>	<u>0</u>	<u>0</u>
Total expenses	<u>18,597</u>	<u>120,697</u>	<u>874</u>
Revenue over (under) expenses	( 8,134)	(117,764)	5,192
Beginning of Year	<u>0</u>	<u>117,764</u>	<u>7,542</u>
End of Year - Net assets	\$ ( <u>8,134</u> )	\$ <u>0</u>	\$ <u>12,734</u>

See accompanying Independent Auditor's Report.

REGION XII DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF REVENUE AND EXPENSES  
Year Ended June 30, 2005

	Intermediary Relending Program		Rural Business Enterprise Grant	Long-Term Economic Deterioration Revolving Loan Fund
	Admin. and Repayment Fund	Loan #14 Fund	Admin. and Repayment Fund	Admin. and Repayment Fund
Revenues:				
Governmental Funding Source:				
Federal grants	\$ 0	\$ 0	\$ 0	\$ 0
Loan repayment & fees	71,885	0	74,754	142,303
Interest Income	39,726	0	9,866	22,429
Matching funds	0	50,000	0	0
Total revenues	<u>111,611</u>	<u>50,000</u>	<u>84,620</u>	<u>164,732</u>
Expenses:				
Salaries & wages	479	0	1,150	12,516
Employee benefits	186	0	383	3,373
Advertising & marketing	19	0	1	230
Accounting & Legal	755	0	358	386
Insurance	13	0	20	279
Contracted services	6,483	0	2,592	8,484
Fees, dues & subscriptions	115	0	47	226
Postage	4	0	3	148
Printing	0	0	4	190
Rent	41	0	64	883
Telephone	6	0	16	147
Travel	28	0	96	851
Utilities	10	0	20	287
Office expense	167	0	196	1,009
Equipment maintenance	3	0	6	80
Equipment rental	20	0	48	356
Facility maintenance	8	0	29	194
Board expense	238	0	123	1,307
Registration	0	0	1	5
Participant loans	58,710	0	8,000	191,610
Training supplies	599	0	239	778
Interest	<u>5,918</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>73,802</u>	<u>0</u>	<u>13,396</u>	<u>223,339</u>
Revenue over (under) expenses	37,809	50,000	71,224	( 58,607)
Beginning of Year	<u>184,299</u>	<u>0</u>	<u>141,100</u>	<u>175,254</u>
End of Year - Net assets	\$ <u>222,108</u>	\$ <u>50,000</u>	\$ <u>212,324</u>	\$ <u>116,647</u>

See accompanying Independent Auditor's Report.



Schedule 16

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005

<u>Federal Direct:</u>	<u>CFDA #</u>	<u>Agreement or Grant Number</u>	<u>Total Expenditures</u>
<u>Department of Agriculture:</u>			
Housing Preservation Grant	10.433	160140421017843	69,679
Intermediary Relending Program	10.767	Loan Agreement	18,710
Rural Community Dev. Incentive	10.446	RCDI	<u>87,479</u>
Total Department of Agriculture			\$ <u>175,868</u>
 <u>Department of Commerce - EDA:</u>			
Economic Development Planning Grant	11.302	05-83-04036	\$ <u>68,000</u>
 <u>Federal Indirect:</u>			
<u>Department of Justice:</u>			
Juvenile Justice Youth Development	16.523	04-JD02-F03	13,301
Juvenile Justice Youth Development	16.540	04-JD03-F504	450
Juvenile Justice Youth Development	16.523	04-JD03-F504	9,851
Juvenile Justice Youth Development	16.727	04-JD03-F504	<u>3,765</u>
Total Department of Justice			\$ <u>27,367</u>
 <u>Department of Labor:</u>			
<u>Iowa Workforce Development</u>			
WIA - Title I Admin.	17.258, 59, 60		31,508
WIA - Title I Adult	17.258		63,919
WIA - Title I Youth	17.259		71,322
WIA - Title I Dislocated Workers	17.260		<u>116,612</u>
Total Department of Labor			\$ <u>283,361</u>
 <u>Department of Transportation:</u>			
Capital Assistance	20.509	18-4025-120-05	228,894
Section III/Capital	20.500	03-0098-120-03	7,170
Section III/Capital	20.500	03-0103-120-04	60,525
Section 18/Capital	20.509	18-0022-120-01	49,087
Section 18/Capital	20.509	18-0023-120-02	1,617
Regional Planning Affiliation	20.515	REG STP-#07040	66,000
Regional Planning Affiliation	20.515	FTA #07040	<u>13,964</u>
Total Department of Transportation			\$ <u>427,257</u>
 <u>Department of Mediation and Conciliation Service</u>			
<u>Iowa Workforce Development</u>			
Re employment	34.002		\$ <u>943</u>
 <u>Department of Health &amp; Human Services:</u>			
Childhood Lead Poisoning Prevention	93.197	Order # 60-61KZ	1,750
Early Childhood	93.575	03-04EMP-30	419
Early Childhood	93.575	04-05EMP-30	75,751
<u>Iowa Workforce Development</u>			
Promise Jobs	93.558		<u>127,159</u>
Total Department of Health & Human Services			\$ <u>205,079</u>

See accompanying Independent Auditor's Report.

SCHEDULE OF REVENUE AND EXPENSES FOR COMPLETED CONTRACTS

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - WORKFORCE DEVELOPMENT PROGRAMS  
 AGREEMENT NUMBER 1-W-08-FR-0  
 July 1, 2003 through June 30, 2005

	WORKFORCE INVESTMENT ACT - TITLE I			
	<u>Admin.</u>	<u>Adult</u>	<u>Youth</u>	<u>Disloc. Worker</u>
Revenues:				
Governmental Funding Sources:				
Iowa Workforce Development	\$ <u>20,856</u>	\$ <u>48,421</u>	\$ <u>52,249</u>	\$ <u>87,047</u>
Expenses:				
Salaries & wages	11,918	8,884	28,808	29,578
Employee benefits	2,674	2,643	8,135	9,094
Advertising & marketing	85	0	0	0
Accounting & legal	575	0	0	0
Insurance	258	395	735	1,001
Contracted services	1	0	0	0
Fees, dues & subscriptions	436	1	4	7
Postage	109	27	252	330
Printing	40	0	7	6
Rent	539	543	1,437	1,568
Telephone	209	141	337	398
Travel	1,946	947	3,230	2,808
Utilities	42	23	98	104
Office expense	359	215	754	965
Equipment maintenance	18	14	50	53
Equipment rental	182	225	418	590
Facility maintenance	41	12	95	94
Board expense	1,309	0	0	0
Registration fees	115	71	660	671
Participant support	<u>0</u>	<u>34,280</u>	<u>7,229</u>	<u>39,780</u>
Total expenses	<u>20,856</u>	<u>48,421</u>	<u>52,249</u>	<u>87,047</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - RCDI CIRCUIT RIDER  
 TARGETED HOUSING ASSISTANCE PROJECT  
 Program Period January 1, 2001 through June 30, 2005

	Grant # <u>2001-E500-05</u>	IARC <u>Subrecipient</u>
Revenues:		
Funding Sources:		
USDA-Rural Community Development Initiative	\$ 0	\$ 183,330
Iowa Dept. of Economic Development	45,825	0
Matching funds	<u>45,900</u>	<u>0</u>
Total Revenues	<u>91,725</u>	<u>183,330</u>
Expenses:		
Salaries & wages	54,120	55,037
Employee benefits	16,606	16,303
Advertising & marketing	1,239	1,245
Accounting & legal	103	414
Insurance	1,043	1,078
Contracted services	0	91,665
Fees, dues & subscriptions	284	346
Postage	704	599
Printing	68	63
Rent	4,689	4,697
Telephone	787	770
Travel	3,822	3,088
Utilities	1,259	1,192
Office expense	3,113	2,613
Equipment maintenance	294	392
Equipment rental	1,843	2,603
Facility maintenance	1,138	944
Board expense	272	210
Registration fees	<u>341</u>	<u>71</u>
Total expenses	<u>91,725</u>	<u>183,330</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 JUVENILE JUSTICE YOUTH DEVELOPMENT PROGRAM  
 COMPLETED CONTRACT NO. 04-JD02-F03  
 October 1, 2003 through September 30, 2004

	<u>Prevention</u>	<u>Sanction</u>	Enforcing Under Age Drinking <u>Laws</u>
Revenues:			
Governmental Funding Sources:			
Division of Criminal and Juvenile Justice Planning	\$ <u>1,276</u>	\$ <u>24,319</u>	\$ <u>1,585</u>
Expenses:			
Contracted services	<u>1,276</u>	<u>24,319</u>	<u>1,585</u>
Total expenses	<u>1,276</u>	<u>24,319</u>	<u>1,585</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - HOUSING PRESERVATION GRANT  
 BORROWER ID # 160140421017843  
 August 1, 2003 through August 1, 2004

## Revenue:

## Governmental Funding Sources:

Farmers Home Administration	\$ 55,888
Local Match	<u>8,383</u>
Total revenue	<u>64,271</u>

## Expenses:

Salaries & wages	9,884
Employee benefits	2,515
Advertising & marketing	24
Accounting & legal	199
Insurance	233
 Fees, dues, & subscriptions	 41
Postage	433
Printing	11
Rent	771
 Telephone	 177
Travel	772
Utilities	239
Office Expense	540
Equipment maintenance	73
 Equipment rental	 526
Facility maintenance	214
Board expense	53
Registration fees	61
Participant loans and grants	<u>47,505</u>
Total expenses	<u>64,271</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - PARTNERSHIP 4 FAMILIES EMPOWERMENT AREAS  
 SCHOOL READY CHILDREN SERVICES & EARLY CHILDHOOD PROGRAM  
 Grant No. 03-04EMP-30  
 July 1, 2003 through June 30, 2005

	<u>Early Childhood</u>	<u>School Ready</u>
Revenues:		
Governmental Funding Sources:		
Partnerships 4 Families Empowerment Area	\$ 80,251	\$ 403,508
Interest earned	<u>419</u>	<u>3,875</u>
Total revenues	<u>80,670</u>	<u>407,383</u>
Expenses:		
Salaries & wages	2,436	33,621
Employee benefits	378	5,452
Advertising & marketing	3	41
Accounting & legal	207	1,143
Insurance	42	1,720
Contracted services	76,882	352,572
Fees, dues & subscriptions	7	341
Postage	20	472
Printing	1	41
Rent	133	2,285
Telephone	18	371
Travel	162	2,641
Utilities	52	606
Office expense	86	1,293
Equipment maintenance	13	175
Equipment rental	63	939
Facility maintenance	54	544
Board expense	100	366
Equipment purchases	0	2,490
Registration fees	<u>13</u>	<u>270</u>
Total expenses	<u>80,670</u>	<u>407,383</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

COUNCIL OF GOVERNMENTS HOUSING, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - LOCAL HOUSING TRUST FUND  
 May 19, 2004 through June 30, 2005

## Revenues:

## Governmental Funding Sources:

Iowa Department of Economic Development	\$ 100,000
Local Match	<u>27,933</u>
Total revenues	<u>127,933</u>

## Expenses:

Salaries & wages	8,994
Employee benefits	2,797
Advertising & marketing	12
Accounting & legal	209
Insurance	228
Contracted services	10
Fees, dues & subscriptions	125
Postage	436
Printing	11
Rent	719
Telephone	184
Travel	592
Utilities	151
Office expense	550
Equipment maintenance	67
Equipment rental	434
Facility maintenance	110
Board expense	338
Registration fees	33
Participant loans and grants	<u>111,933</u>
Total expenses	<u>127,933</u>

Net	\$ <u><u>0</u></u>
-----	--------------------

See accompanying Independent Auditor's Report.



# John D. Morrow

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Certified Public Accountants

November 28, 2005

## RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Region XII Council of Governments, Inc. (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

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November 28, 2005

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the combined financial statements of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years ended June 30, 2005 and 2004, and have issued my report thereon dated November 28, 2005. I conducted the audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the COG's financial statements are free of material misstatement, I performed tests of the COG's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the COG's operations for the years ended June 30, 2005 and 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the combined financial statements of the COG. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region XII Council of Governments Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the COG's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions, if any, are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended solely for the information of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Region XII Council of Governments during the course of the audit.

Should you have any question concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

# John D. Morrow

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November 28, 2005

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the compliance of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2004. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the COG's management. My responsibility is to express an opinion on the COG's compliance based on my audit.

I conducted my audit of compliance in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the COG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on compliance with those requirements.

In my opinion Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2004. Instances of non-compliance with those requirements, if any, are described in Part III of the accompanying Schedule of Findings and Questioned Costs

Internal Control Over Compliance

The management of the COG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Region XII Council of Governments, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended solely for the information of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report. This report is not intended to be and should not be used by anyone other than these specified parties.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified	
not considered to be material weaknesses?	No matters were reported
Noncompliance material to	
financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified	
not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on	
compliance for major programs:	Unqualified
Any audit findings disclosed that are	
required to be reported in accordance	
with Circular A-133. Section .510(a)?	No matters were reported
Identification of major programs:	
Department of Transportation	20.509
Dollar threshold used to distinguish	
between Type A and Type B programs:	\$ 500,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported